

AMENDED IN ASSEMBLY AUGUST 25, 2005

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN ASSEMBLY JUNE 23, 2005

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 23, 2005

SENATE BILL

No. 131

Introduced by Senator Chesbro

January 31, 2005

An act to add Sections 14132.101, ~~14132.102~~, and ~~14132.103~~ and *14132.102* to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 131, as amended, Chesbro. Medi-Cal: federally qualified health centers and rural health clinics: reimbursement rates.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which health care services are provided to qualified low-income persons. Federally qualified health center (FQHC) services and rural health clinic (RHC) services described under federal law are covered Medi-Cal benefits. Existing law requires that FQHCs and RHCs be reimbursed on a per-visit basis and defines "visit" for this purpose as a face-to-face encounter between the FQHC or RHC patient and designated health care providers under prescribed conditions.

Existing law authorizes an FQHC to elect to be reimbursed on a fee-for-service basis for pharmacy and dental services.

Existing law establishes procedures for a federally qualified health center or rural health clinic to submit scope-of-service rate change requests to qualify for an adjustment to its per-visit rate.

This bill, notwithstanding existing law, would deem a scope-of-service change request to be timely when filed within 150 days following the beginning of the FQHC's or RHC's fiscal year following the year in which the change occurred.

Existing law provides for the establishment of a commission to operate a local initiative that provides or arranges for the delivery of health care services in all or part of the geographic area of Los Angeles County. Existing law authorizes the department to obtain approval for a demonstration or pilot project under applicable federal laws in connection with the local initiative in Los Angeles County.

This bill, *with certain exceptions*, would require FQHCs that are receiving cost-based reimbursement under the terms of the Los Angeles County Section 1115 Waiver Demonstration Project on June 30, 2005, referred to as "Los Angeles cost-based FQHCs," to transition to a prospective payment system rate upon expiration of that waiver.

~~This bill would require, notwithstanding existing law, requests for rate adjustments for scope-of-service rate changes submitted by Los Angeles cost-based FQHC's relating to scope-of-service changes occurring in a fiscal year including dates prior to July 1, 2005, to be finalized by the department within 150 days of receipt of the claims for reimbursement, and would require these claims for reimbursement to be paid within 30 days of being finalized by the department.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14132.101 is added to the Welfare and
- 2 Institutions Code, to read:
- 3 14132.101. (a) Notwithstanding paragraphs (4) and (5) of
- 4 subdivision (e) of Section 14132.100, a scope-of-service change
- 5 request, whether mandatory or permissive, shall be timely when
- 6 filed within 150 days following the beginning of the federally
- 7 qualified health center's or rural health clinic's fiscal year
- 8 following the year in which the change occurred.
- 9 (b) Notwithstanding subdivision (a), and notwithstanding
- 10 subdivision (e) of Section 14132.100, a federally qualified health
- 11 center described in Section 14132.102 shall be deemed to have
- 12 filed a scope-of-service change in a timely manner upon

1 compliance with the requirements set forth in subdivision (c) of
2 Section 14132.102.

3 SEC. 2. Section 14132.102 is added to the Welfare and
4 Institutions Code, to read:

5 14132.102. (a) ~~Federally~~ *With the exception of clinics and*
6 *hospital outpatient departments that are subject to Section*
7 *14105.24, federally* qualified health centers (FQHC) that are
8 receiving cost-based reimbursement under the terms of the Los
9 Angeles County 1115 Waiver Demonstration Project on June 30,
10 2005, shall be required to transition to a prospective payment
11 system (PPS) rate upon expiration of that waiver. These FQHCs
12 shall be referred to in this section as “Los Angeles cost-based
13 FQHCs.”

14 (b) For visits occurring on or after July 1, 2005, Los Angeles
15 cost-based FQHCs shall receive a PPS rate equivalent to the
16 following:

17 (1) FQHC sites that were in existence during the FQHC’s
18 2000 fiscal year shall be permitted to elect their 2000 per-visit
19 rates or the average of the 1999 and 2000 per-visit rates as
20 reported on the cost reports submitted for those fiscal years
21 adjusted as described in subdivision (c).

22 (2) FQHC sites that were first qualified as an FQHC after the
23 site’s 2000 fiscal year shall receive a base rate equivalent to the
24 first full fiscal year rate, as audited on the cost report submitted
25 for that fiscal year and adjusted as described in subdivision (c).

26 (3) Sites that were first qualified as an FQHC after the site’s
27 2000 fiscal year, and that have not yet filed a cost report for their
28 first full fiscal year shall have a rate set in accordance with
29 subdivision (i) of Section 14132.100 and adjusted as described in
30 subdivision (c).

31 (c) The base rates described in this section shall be adjusted in
32 ~~the manner described in subdivisions (d), (e), and (f) of Section~~
33 *the manner described in subdivision (d), paragraphs (1), (2), (3),*
34 *and (7) of subdivision (e), and subdivision (f) of Section*
35 14132.100. No new cost reports shall be required in order for a
36 Los Angeles cost-based FQHC to claim scope of service changes
37 occurring prior to July 1, ~~2005, only 2005.~~ *Only a description of*
38 *the events triggering any applicable rate changes that shall be*
39 *submitted by the FQHC in substantially the form of the*
40 *Worksheet 1 of the department’s existing scope of service rate*

1 *changes request form shall be required.* This information shall be
2 provided by the FQHC no later than July 1, 2006, *and the date of*
3 *receipt of this information by the department shall be considered*
4 *the date on which a claim for reimbursement is received within*
5 *the meaning of Section 14132.107.*

6 (d) The department shall, by no later than March 30, 2006,
7 promptly seek all necessary federal approvals in order to
8 implement this section, including any amendments to the state
9 plan. To the extent that any element or requirement of this
10 section is not approved, the department shall submit a request to
11 the federal Centers for Medicare and Medicaid Services for any
12 waivers that would be necessary to implement this section.

13 (e) Notwithstanding Chapter 3.5 (commencing with Section
14 11340) of Part 1 of Division 3 of Title 2 of the Government
15 Code, and only to the extent that all necessary federal approvals
16 are obtained and there is an appropriation for the purposes of
17 implementing this section, the department may implement this
18 section without taking any regulatory action and by means of a
19 provider bulletin or similar instructions.

20 ~~SEC. 3. Section 14132.103 is added to the Welfare and~~
21 ~~Institutions Code, to read:~~

22 ~~14132.103. Notwithstanding Section 14132.107, requests for~~
23 ~~rate adjustments for scope-of-service rate changes submitted by~~
24 ~~Los Angeles cost-based FQHCs, as defined in subdivision (a) of~~
25 ~~Section 14132.102, relating to scope-of-service changes~~
26 ~~occurring in a fiscal year including dates prior to July 1, 2005,~~
27 ~~shall be finalized by the department within 150 days of receipt of~~
28 ~~the claims for reimbursement. These claims for reimbursement~~
29 ~~shall be paid within 30 days of being finalized by the department.~~
30 ~~However, the payment of those amounts that are disputed shall~~
31 ~~be subject to the requirements, timeframes, and procedures~~
32 ~~specified in Section 14171. Scope changes going forward shall~~
33 ~~be finalized within 90 days of receipt and paid within 30 days of~~
34 ~~being finalized by the department.~~